Presentation to Board of Directors California High Speed Rail Authority





The PwC Team...

Rank	Advisor	No. of Deals	Volume (US\$ m)
1.	PriceWaTerhousE@opers 🔞	37	18,076
2.	Ernst & Young*	26	3,770
3.	KPMG*	20	4,716
4.	Grant Thornton*	18	2,137
5.	Macquarie	11	8,284
6.	BNP Paribas	10	12,556
7.	HSBC	5	6,134
8.	SG	4	14,881
9.	RBC	4	2,711
10.	RBS	3	4,978

Source: Project Finance International, January 2010

- Mega-projects find success when stakeholders have transparency to the risks and mitigants of the Project.
 Our team's approach to finding solutions will instill confidence in your stakeholders and in the Project.
- High Speed Rail transactions are unique our team will leverage our global experience and expertise for the Authority, bringing insight and strategic vision as you move forward.
- Our knowledge and prior experience in the California financial and regulatory market will guide the team as we develop a credible financial plan that moves the Authority towards securing capital for the Project.





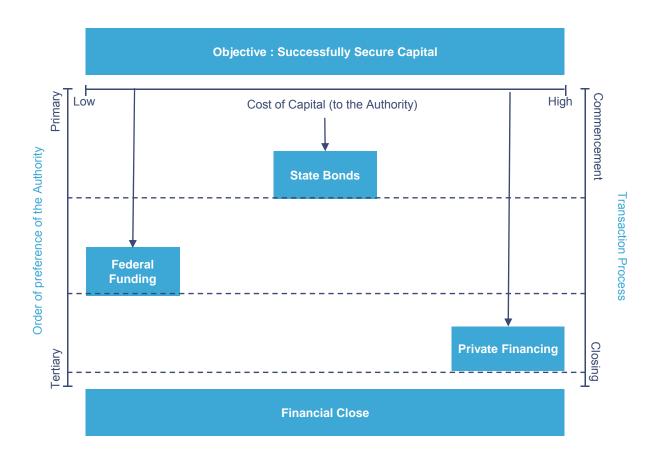






^{*} After removing deals falling below US\$20m minimum threshold stated in league table criteria

Understands the Challenges Facing the Project...



- Proposition 1A successfully raised \$9.0 billion of capital to fund high speed rail, indicating fundamental support from California citizens.
- However, Proposition 1A will only be considered a long-term success when California sees Federal and private capital committed for this Project.
- We will leverage the depth of our Federal expertise to work closely with the Authority, guiding you through the process of this second stage of capital identification.
- As Federal funding is secured, coupled with Proposition 1A bonds and other local capital sources, we will further leverage our global network to identify optimal solutions for the Authority.

And Recognizes the Magnitude of the Task.

- As we look ahead to the challenges that will face the traditional project finance market over the coming 3-5 years, the PwC team will work with the Authority to maximize local and Federal capital, lowering the cost of capital for the Project.
- Our expertise developing innovative funding and financing solutions will serve the Authority well.

USD Millions		CAHSRA's Expected Funding (Base Case)		CAHSRA's Expected Funding (High Case)		The "What If" Scenario (Low Case)		Risk Capital gh-Low Case)	Risk Capital Low Case)
Federal Funding ARRA Allocated Other (TBD) Total Federal	\$	2,500 14,500 17,000		2,500 16,500 19,000		2,500 - 2,500	\$	2,000 2,000	- 16,500 16,500
State Funding Proposition 1A Private Activity Bonds Other (TBD) Total State	\$	9,000 - - 9,000		9,000 - - 9,000	\$	9,000 - - 9,000	\$	- - - -	\$ - - -
Local Funding Transit - Oriented Development Other (TBD) Total Local	\$	2,000 2,000 4,000		2,000 3,000 5,000		2,000 - 2,000	\$	1,000 1,000	3,000 3,000
Private Financing**									
Amount Needed to Cover Balance Equity Capital = 40% Debt Capital = 60%	\$	13,000 5,200 7,800		10,000 4,000 6,000	\$	29,50 8,85 20,65	50		
Unidentified Capital Sources Needed*				\$		19,500			

^{**}Estimated at 40% equity / 60% debt for discussion and illustrative purposes only

By Working Together to Develop Innovative Solutions,

Self Liquidating	Public Funding Traditional Sources of Funding	Private Financing
Farebox"Pay as you go"Membership FeesFood & Beverage Concessions	 Tax Exempt /Municipal Bonds Federal Grants State Taxes Local Taxes 	Bank Loans144A & Reg D Bond Offering
Innovative Sour	ces of Funding (Can Be Used with Trac	litional Funding)
 Advertising Naming Rights Parking Concessions (Rights) Air Rights Capacity Charge Congestion Pricing Revenue (Yield) Management Pricing 	 State Infrastructure Banks (SIB) TIFIA Tax Credit Bonds Revenue Bonds Special Improvement Districts Benefit Assessment Districts TOD/Joint Development Tax Increment Finance 	 Private Equity Joint Ventures Availability Payments Asset Monetization Private Activity Bonds (PAB)

- Innovative financing solutions marry self-liquidating structures with public funding to generate stakeholder interest and prepare a solution to attract optimal private capital.
- By addressing innovative municipal financing sources, we can simultaneously address issues including right-of-way, land acquisition, and transit-oriented developments.



We Will Help the Authority to Manage its Risks.

Global Risks	 Political Environment Economic Conditions Stakeholders Land Use 	Understanding and managing these macro-level risks will begin early in Phase 1
Market Risks	 Federal Funding State and Local Fundin Private Financing Revenue Forecasting 	The task of managing the funding and financing risks will begin in Phase 1 and extend throughout Phase 2
Implementation Risks	TechnologyConstructionScope CreepO & M	Phase 3 (and beyond) will focus on the implementation risks

 $Managing Risks \equiv Controlling Costs + Protecting Credibility + Cultivating Stakeholders$

Our Approach – Phase 1

Tasks

Task 1 -Due Diligence Task 2 -Strategic Review, Assessment and Planning Task 3 -, Financial Review, Assessment and Planning

Task 4 -Financial Modeling

Task 5 -Reporting Task 6 -Stakeholders Outreach Task 7 -Project Management

Funding and Finance

- •Public Funding
- •Private Financing

Analysis and Modeling

- •Financing Analysis
- •Project Staging
- •Risk Assessment
- •Segmentation Analysis

Planning and Economic Analysis

- •Risk Analysis
- •Staging Assessment
- Procurement
- Stakeholder Issues

State and Regulatory Analysis

- •State & Local Government
- •Federal Government

Workstreams

- We shall provide the Authority with a multidisciplinary, yet integrated team, operating in four workstreams. This will allow for a workstream manager to lead the appropriate tasks seamlessly through Phases 1 & 2, while best managing personnel and maximizing value to the Authority.
- We have further established a matrix organization of global subject matter experts whom we have teamed with dedicated team members, allowing us to fully access the breadth and depth of our organizations while optimizing cost to the Authority.

Our Approach – Phase 2

Tasks

Task 8 -Finalization of Financial Plan Task 9 – Analysis of Segmentation Alternative Task 10 –
Analysis &
Procurement of
Additional State &
Local Funding

Task 11 Analysis &
Procurement of
Federal Funding
Options

Task 12 – Model Updates to Reflect Public Financing Secured Task 13 –
Identify Private
Financing Sources
& Assess Impact
on Project Viability

Task 14 – Stakeholders Outreach Tasks 15 & 16– Reporting & Project Management

- Phase 2 will maintain the workstream structure established during Phase 1 to minimize disruption to the Authority's process and maximize efficiency with the project team as we move towards capital raising.
- The PwC team's Federal expertise will serve as a strategic asset for the Authority, engaging leaders in Washington DC and moving the Project from the California spotlight to the national stage.
- On the national stage, the Authority will realize additional stakeholder credibility, thus attracting and enabling additional innovative funding that will be structured into the project.

Funding and Finance

- •Public Funding
- •Private Financing

Analysis and Modeling

- •Financing Analysis
- Project Staging
- •Risk Assessment
- •Segmentation Analysis

Planning and Economic Analysis

- •Risk Analysis
- •Staging Assessment
- Procurement
- Stakeholder Issues

State and Regulatory Analysis

- •State & Local Government
- •Federal Government

Workstreams

A Highly Qualified Team to Manage This Historic Project



		Sotiris Pagdadis, Ph.D.					
		Project Manager Charlie Johnson-Ferguson					
		Funding & Finance	Analysis & Modelling	Statutory & Reg. Analysis			
		Stephanie Hogue	Philippe Raymond	Robert Vroman	James Martling		
		Public Funding Private Financing	Financing Analysis Project Staging Risk Assessment Segmentation Anal.	Risk Analysis Staging Assessment Procurement Stakeholder Issues	State & Local Gov't Federal Governemnt		
Extended Pro	ject Team						
Skills	Name						
Modelling	Mara Kelly		•	•			
Private Equity	Mara Kelly	•	•	•	•		
Public Funding	Kylee Anastasi	•	•	•	•		
Procurement	Kylee Anastasi	•	•				
Modelling/ Analysis	Kylee Anastasi		•	•			
Financial Structuring	James Gibbs	•	•				
Financial Analysis	Chris Vinck	•	•				
Subject Matte	er Expert						
Expertise	Name						
Rail Finance	Charlie Ferguson	•	•				
Fi nancial Risk	Charlie Ferguson	•	•				
Rail Operations	Julian Smith			•			
Rolling Stock	Julian Smith			•			
Risk Assessment	Sotiris Pagdadis		•	•			
Infrastructure	Sotiris Pagdadis		•	•			
Federal Funding	Peter Raymond		•		•		
Federal Regulation	Peter Raymond		•		•		
Rail Regulation	Joel Moser				•		
Alt. Procurement	Esther Tse		•				

Project Leader





Building relationships, creating value

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